

m/023/071

From: Tom Munson
To: Daron Haddock; Doug Jensen; Joelle Burns
Date: 8/31/04 10:33AM
Subject: HI-Cal Bonding Situation

On August 30, 2004 I talked by phone with Gary Burningham and informed him that the Bond estimate put together by Bob Steele and Joseph A. White (excavating) delivered to our office Friday, ~~September 24, 2004~~ *Aug 27* was inadequate for our purposes, as it failed to list equipment costs, volumes of material moved etc..

After discussing this situation with Gary Burningham, it was determined that he wants to put together the detailed bond estimate the Division needs to complete the permit at Hi-Cal. It was also determined that DOGM and the BLM would have to be O.K. with this estimate for the Hi-Cal plan. The release of the Travertine #1 was also contingent on BLM approval, so can not be considered a source of funding of the HI-Cal bond at this time. Therefore, the \$20,000 interim surety will need to be posted by September 30, 2004. It is a requirement that the mine be shut down until this occurs and a letter sent to the Division stating that this shut down be complied with, be faxed to the Division no later than today August 31st. I faxed to Gary Burningham on August 31, 2004 an example bonding spreadsheet for his information and asked him to contact Doug Jensen at 538-5382 if he had questions. All this was discussed with Daron Haddock prior to approving.